



An Audit of the Texas Department of Criminal Justice

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Executive Summary

Purpose and Scope

The objectives of the Texas Department of Criminal Justice (Department) audit were to determine whether:

- Contracts were procured according to applicable state laws and Comptroller requirements.
- Payments were processed according to applicable state laws, Comptroller requirements and statewide automated system guidelines.
- Documentation to support those payments was appropriately maintained.
- Capital and high-risk assets were properly recorded.
- Appropriate security over payments was implemented.

This audit was conducted by the Texas Comptroller of Public Accounts (Comptroller's office), and covers the period from Dec. 1, 2017, through Nov. 30, 2018.

Background

The mission of the Department is to provide public safety, promote positive change in offender behavior, reintegrate offenders into society and assist victims of crimes. The Department is responsible for statewide criminal justice for adult offenders, including managing offenders in state prisons, state jails and private correctional facilities; funding and certain oversight of community supervision; and supervision of offenders released from prison on parole or mandatory supervision. The Department operates the largest prison system in the United States.

Texas Department of Criminal
Justice website

www.tdcj.texas.gov

Audit Results

The Department generally complied with the General Appropriations Act (GAA), relevant statutes and Comptroller requirements. Auditors found no issues with travel, system security or property management records. However, the Department should consider making improvements to its payroll, purchase and contract transactions.

Auditors reissued one finding from the last audit conducted at the Department related to internal control structure. Auditors originally issued this finding in April 2016. An overview of audit results is presented in the following table.


Table Summary

Area	Audit Question	Results	Rating
<u>Payroll Transactions/ Direct Deposit Cancellation Report</u>	<p>Did payroll transactions comply with the GAA, pertinent statutes and Comptroller requirements?</p> <p>Did Human Resources notify payroll staff of employee terminations in a timely manner?</p>	<ul style="list-style-type: none"> • Incorrect hazardous duty and longevity pay amounts. • Overpayment of salary amounts (outside of sample). • Direct deposit cancellation not processed timely. 	Compliant, Findings Issued
<u>Purchase/ Procurement and Contract Transactions</u>	<p>Did the purchase/ procurement and contract-related payments comply with the GAA, pertinent statutes and Comptroller requirements?</p>	<ul style="list-style-type: none"> • Missing conflict of interest disclosure forms. • Failure to follow procurement planning requirements and Contract Advisory Team (CAT) recommendation. • Purchase order (PO) created after invoice. • Failure to report to the Vendor Performance Tracking System (VPTS). • Missing Statewide Procurement Division (SPD) notification for emergency purchase. 	Compliant, Findings Issued
Payment and Travel Card Transactions	<p>Did payment and travel card transactions comply with the GAA, pertinent statutes and Comptroller requirements?</p>	No issues	Fully Compliant
Travel Transactions	<p>Did travel transactions comply with the GAA, pertinent statutes and Comptroller requirements?</p>	No issues	Fully Compliant
Security	<p>Are Department employees who are no longer employed or whose security was revoked properly communicated to the Comptroller's office?</p>	No issues	Fully Compliant



Repeat Finding



Area	Audit Question	Results	Rating
<u>Internal Control Structure</u>	Are incompatible duties segregated to the extent possible to help prevent errors or detect them in a timely manner and help prevent fraud?	 An employee can adjust vendor profiles in TINS and approve paper vouchers.	Compliant, Findings Issued
Fixed Assets	Were tested assets in their intended locations and properly reported in the State Property Accounting system?	No issues	Fully Compliant



Repeat Finding

Key Recommendations

Auditors made several recommendations to help mitigate risk arising from control weaknesses. Key recommendations include:

- The Department must ensure its operating procedures include quality control measures to ensure that employee state effective service dates are entered correctly to prevent incorrect hazardous duty and longevity pay amounts.
- The Department must enhance its internal controls to prevent incorrect salary payments.
- The Department must ensure it follows the procurement procedures in the [State of Texas Procurement and Contract Management Guide](#) and the GAA.
- The Department must ensure that documentation of the agreement is prepared at the time the goods or services are ordered from the vendor.
- The Department must implement additional controls over expenditure processing that segregate each accounting task to the greatest extent possible.



Detailed Findings

Payroll Transactions

Auditors developed a sample totaling \$593,134.82 from a group of 30 employees and 194 payroll transactions to ensure the Department complied with the GAA, [Texas Payroll/Personnel Resource \(FPP F.027\)](#) and pertinent statutes. Also, a limited sample of 30 voluntary contribution transactions were audited with no exceptions identified.

In a report generated outside of the sample, auditors identified noncompliance in a payroll file (direct deposit cancellations).

Audit tests revealed the following exceptions in the payroll transactions.

Incorrect Hazardous Duty and Longevity Pay Amounts

Auditors identified two employees with incorrect months of service credit in the Department's internal payroll/personnel system. When the Department converted from its old software system to its new system (Payroll Processing System), the longevity and hazardous duty dates were transferred as months instead of days of service. Therefore, hazardous duty pay for two employees, and longevity pay for one employee, was based on incorrect state effective service dates. As a result, two employees were overpaid \$245 in hazardous duty pay and one employee was overpaid \$3,120 in longevity pay. See [Texas Payroll/Personnel Resource – Agency Specific Provisions – Hazardous Duty Pay](#) and [Texas Payroll/Personnel Resource – Non-Salary Payments – Longevity Pay](#).

Recommendation/Requirement

The Department should verify prior state service data for employees working in hazardous duty positions to ensure they are receiving lifetime service credit for all eligible periods of employment in hazardous duty positions. The Department's operating procedures must include quality control measures to ensure that employee state effective service dates are entered correctly into the internal payroll/personnel system to prevent incorrect hazardous duty and longevity pay amounts.

Department Response

In 2003, the agency converted from one internal payroll system to another. The previous system did not contain specific service dates and granted hazardous duty and longevity pay based on the month and not the actual day within that month when the pay became effective. The agency took corrective action on Oct. 1, 2019, to ensure service dates for the converted data were accurate. Service dates for all employees hired after Sept. 1, 2003, were entered correctly upon hire.



Overpayment of Salary Amount

In a report generated outside of the sample, auditors identified 28 employees with incorrect salary payments that resulted in overpayments totaling \$32,604.79. According to the Department, these issues occurred because Human Resources received late notification of employee terminations from the supervisors. The Department attempted to collect the overpayments from the employees but did not succeed. As a result, the employees are considered indebted to the state and should have been reported to the Comptroller to be placed on warrant hold.

See [Texas Payroll/Personnel Resource – Overpayments](#), [34 Texas Administrative Code Section 5.40\(b\)](#) and [Texas Government Code, Chapter 403.055\(f\)](#).

Recommendation/Requirement

The Department must enhance its internal controls to prevent incorrect payments. The Department should consider recovering the amount of overpayment in accordance with [Texas Government Code, Chapter 666](#) and [Texas Government Code, Chapter 403.055\(f\)](#). The Department should place the employees on warrant hold.

Department Response

Payment holds for the employees identified were made on Aug. 23, 2019. Departmental procedures have been enhanced to include supervisory oversight of the warrant hold process. An email was sent to all agency HR representatives from management on Jan. 29, 2020, regarding the need to follow proper procedures and deadlines for payroll transactions. Trainings of HR staff also include emphasis on the process for proper and timely payroll entries.

Direct Deposit Cancellation not Processed Timely

In a report outside of the sample, auditors examined payroll reversals for two employees. For one of these two employees, Human Resources did not notify payroll staff about the employee termination on time. A direct deposit payment that included a \$2,403.35 overpayment was issued to the employee's bank. Payroll did not process a direct deposit cancellation before the cancellation deadline. Therefore, the Department had to submit a direct deposit reversal request form to the Comptroller's office to attempt to get the overpayment amount returned. The request was not fulfilled because the payee's account had insufficient funds. The Department did seek alternative means and recovered \$2,272.82 of the overpayment. See [34 Texas Administrative Code, Section 5.13](#) and [TexPayment Resource – Payroll Reversals](#).



Recommendation/Requirement

The Department should develop a process for Human Resources to inform the Payroll department as soon as it is aware of a possible termination or other situations that may result in an overpayment. This will allow Payroll to remove related transactions from the batch file before transmittal or to process a direct deposit cancellation before the deadline, guaranteeing the funds will not leave the state's treasury. The Department should then calculate and process the correct payment amount.

Department Response

The affected HR employee was counseled on Jan. 29, 2020, regarding proper and timely payroll entries. Additionally, an email was sent to all agency HR representatives from management on Jan. 29, 2020, regarding following proper procedures and payroll deadlines for payroll transactions. Future trainings of HR staff will include emphasis of proper and timely payroll entries.

Purchase/Procurement and Contract Transactions

Auditors developed a sample of 30 purchase/procurement transactions totaling \$166,588,639.36, as well as six transactions totaling \$2,497,822.55 belonging to two vendor contracts valued at \$233,270,059.72 and \$112,341,734.96, to ensure that the Department complied with the GAA, [eXpendit \(FPP I.005\)](#), the [State of Texas Procurement and Contract Management Guide](#) and pertinent statutes. Audit tests revealed the following exceptions in the purchase/procurement and contract transactions.

Contract	Amount	Type of Service	Procurement Cycle				
			Planning	Procurement Method Determination	Vendor Selection	Contract Formation/Award	Contract Management
Contract A	\$233,270,059.72	Management of private prisons	No exceptions	No exceptions	<ul style="list-style-type: none">Missing Conflict of Interest Disclosure forms.Failure to follow procurement planning requirements and the Contract Advisory Team (CAT) recommendation.	No exceptions	No exceptions
Contract B	\$112,341,734.96	Operation of halfway houses	No exceptions	No exceptions	Missing conflict of interest disclosure forms.	No exceptions	No exceptions



Missing Conflict of Interest Disclosure Forms

Auditors found that neither contract had the required conflict of interest disclosure form for the employees involved in the procurement process. A state agency employee or official must disclose any potential conflict of interest specified by state law or agency policy that is known by the employee or official at any time during the procurement process or during the term of a contract with a private vendor. See [Texas Government Code, Section 2261.252\(a\)](#) and (a-1). The Department indicated that it could not locate the forms for some of the employees involved in the procurement process.

Recommendation/Requirement

The Department must ensure that all employees involved in procurement or contract management complete disclosure forms confirming the absence of a conflict of interest for any contact with a private vendor or bid for the purchase of goods or services from a private vendor. See [Texas Government Code, Section 2261.252](#).

Department Response

Prior to Sept. 1, 2015, only Contracts and Procurement staff were required to sign an Annual Conflict of Interest Disclosure form. Additionally, other agency staff participating in the technical or cost evaluation of a solicitation were required to sign a Conflict of Interest Disclosure form. After Sept. 1, 2015 all agency staff involved in the procurement process are required to sign an Annual Conflict of Interest Disclosure form. Agency procedures were enhanced to move the Annual Conflict of Interest Disclosure form to the contract files that have a record retention of seven (7) years. The contracts reviewed during the audit were initiated on Sept. 1, 2003 and Sept. 1, 2014, before the Sept. 1, 2015 policy change requiring all staff involved in the procurement to sign the form.

Failure To Follow Procurement Planning Requirements and the Contract Advisory Team (CAT) Recommendation

Auditors identified two contracts that were renewed through the contract term option as if the contract had never expired. These contracts should have been competitively solicited.

For the first contract, the Department submitted the solicitation documents for review to the Statewide Procurement Division (SPD) Contract Advisory Team (CAT). The CAT review recommended a shorter contract term of four years for this contract and stated that SPD discourages long-term contracts as this binds the Department for a long period of time. Long-term contracts may result in the Department missing opportunities for better pricing, materials or services resulting from better market conditions or new technology.

The Department was also advised to consult with program experts and conduct business analysis to ensure the best possible value while also seeking advice from legal counsel and management to ensure there is a good reason for the long-term contract. The



Department responded to the CAT review stating that the Department's legal counsel and upper management had approved the contract period and that the Department has the right to refuse contract extension for the option years and can re-solicit, if the Department feels that it is in the best interest of the state.

The Department executed a long-term contract in September 2014. Both the Department and the vendor signed off on the contract for \$106,960,577.48. This contract was for a period of three years and three two-year renewal options for a total of up to nine years. The contract is scheduled to end in August 2023, totaling \$233,270,059.72. Auditors requested that the Department provide evidence of business analysis or research conducted to justify awarding this nine-year contract to the vendor. The Department stated that it did not have this documentation.

The Department procured and executed the second contract in September 2003. In 2003, agencies were not required to submit CAT reviews to SPD. Both the Department and the vendor signed off on the contract for \$4,308,918.

This contract was for a period of two years and included an option to renew for up to two additional two-year periods along with a six-month extension at the Department's option, for a total of up to six and half years. In September 2009, the contract term was amended for a period of two years and included an option to renew for up to five additional two-year periods along with a six-month extension at the Department's option, for a total of up to six and a half additional years.

In September 2015, the contract term was amended for a period of two years and included an option to renew for up to five additional two-year periods and five one-year periods along with a six-month extension at the Department's option, for a total of up to five and a half additional years.

The contract is scheduled to end in August 2020, totaling \$112,341,799.96. Auditors requested that the Department provide evidence of business analysis or research conducted to justify the contract's extension. The Department stated that it did not have this documentation.

The Department stated that the determination to extend the contracts was based on previous attempts to solicit for these services with little to no response. Auditors requested the competitive solicitation documentation for these attempts, but the Department could not provide this documentation.

As a general policy, it is recommended that the maximum duration for a contract without reissuing a competitive solicitation be four to five years. This includes any renewal or extension periods. The [*State of Texas Procurement and Contract Management Guide*](#) states that a reasonable contract term compliant with applicable law must be included in the solicitation and that indefinite contracts are generally prohibited. Individual business needs may dictate a different period and agencies should consult their legal counsel



for advice on this matter early in the planning process. Additionally, GAA, Article IX, Section 17.10(c) indicates that, with some exceptions, an agency or institution of higher education may not use funds appropriated elsewhere in the GAA to pay for a contract for goods or services unless it seeks competitive bids before renewing or extending a contract that has been in effect more than five fiscal years.

Recommendation/Requirement

The Department must ensure it follows the procurement procedures stipulated in the [State of Texas Procurement and Contract Management Guide](#) and the GAA. The Department should ensure that no contract passes the recommended four to five-year term without seeking competitive bids or identifying and documenting an exception to these rules.

Department Response

TDCJ agrees with this finding for most contracts; however, there are certain offender/parolee service contracts, such as Residential Reentry Centers (halfway houses) and Substance Abuse Treatment Services, for which longer term contracts are in the best interest of the state of Texas. These services are not affected by market conditions or technology and by having the longer term contracts it reduces the cost escalation and is fiscally beneficial to the state of Texas. Documentation will be placed in the contract file for these exceptions.

Comptroller Response

The Comptroller's office understands the issues associated with these types of services and contracts. For each contract of this type that will extend beyond five years, the Department should consult with both its own legal division and with the Comptroller's office SPD for assistance with the process and/or to obtain acknowledgment of the unique nature of the contract under consideration and the benefit and necessity of not complying with the guide and the GAA. The Department should maintain these communication documents in the contract file.

Purchase Order (PO) Created After Invoice

Auditors identified one \$25,330.50 purchase transaction where the Department created a PO after the invoice was received. Without a PO issued to the vendor at the time the goods were ordered, it will be difficult for the Department to ensure that it was not overcharged or billed for goods or services that were not agreed upon. According to the Department, this was an emergency purchase.

According to [34 Texas Administrative Code Section 5.51\(c\)\(1\)\(D\)](#), it is the responsibility of the state agency and its officers to ensure that for each purchase document, the agency maintains necessary documentation to prove that each payment resulting from



the document is legal, proper and fiscally responsible. According to the [State of Texas Procurement and Contract Management Guide](#) – Emergency Purchases, all emergency procurements should be as competitive as possible under the circumstances.

Recommendation/Requirement

The Department must ensure that documentation of the agreement is prepared at the time the goods or services are ordered from the vendor. Once the Department has made a final approved agreement with the vendor, the Department may not pay any amount in excess of the agreed amount, unless the agreement is amended due to the vendor providing a new benefit or consideration.

Department Response

This was an after-hours emergency hotline purchase to repair equipment at the Middleton Unit. The vendor immediately submitted the invoice using the emergency hotline PO number (an after-hours authorization number). According to TDCJ's procedures for these types of purchases, a requisition should be submitted the next business day during normal business hours. The requisition and PO would then be finalized by the purchaser. The vendor would receive the final PO number from the purchaser and then should submit the invoice with the final PO number referenced for billing purposes. TDCJ continues to enhance procedures to ensure the requisition and emergency justifications are submitted the next business day. The emergency hotline log is updated each week cross-referencing the emergency authorization numbers with the final PO number.

Failure To Report to the Vendor Performance Tracking System (VPTS)

Auditors identified two purchase transactions totaling \$1,944,978.50 where the Department failed to report contracts and purchases over \$25,000 to SPD's Vendor Performance Tracking System (VPTS) as required on the agency's PO checklist.

SPD administers a vendor performance tracking system for use by all ordering agencies per [34 Texas Administrative Code Section 20.115](#). VPTS relies on participation by ordering agencies to gather information on vendor performance. All agencies must report vendor performance on purchases over \$25,000 from contracts administered by SPD or any other purchase over \$25,000 made through delegated authority granted by SPD. Ordering entities are also encouraged to report vendor performance for purchases under \$25,000. The requirement also calls for the provision of supporting documentation. Agencies submit the vendor performance form electronically through the SPD Web Applications Portal. See [Texas Government Code, Section 2155.089](#) and [Section 2262.055](#).



Recommendation/Requirement

The Department should enhance its policies and procedures to ensure that the vendor performance reports are reviewed before awarding contracts and to ensure purchases over \$25,000 are evaluated and reported to VPTS. A dated copy of the review and evaluation results from the specified website must be retained as evidence and included in the procurement file.

Department Response

Purchasers failed to report vendor performance reports as required on the agency's PO Checklist. Both vendor performance reports were entered by Jan. 24, 2020.

Missing SPD Notification for Emergency Purchase

Auditors identified one \$25,330.50 purchase transaction where the Department failed to notify SPD of an emergency purchase. The Department stated that this was due to an oversight. An emergency purchase occurs when the agency must make the procurement quickly to prevent a hazard to life, health, safety, welfare or property, or to avoid undue additional cost to the state.

The decision to declare an emergency purchase is the sole responsibility of the agency. If an emergency exists, a written determination of the basis for the emergency and for the selection of a particular vendor must be included in the procurement file. For an emergency purchase of goods or services over \$25,000, an agency must send SPD a full, written explanation of the emergency along with other required documentation. The notification to SPD must be provided as soon as possible given the nature of the emergency. See [*State of Texas Procurement and Contract Management Guide*](#) – Emergency Purchases.

Recommendation/Requirement

The Department must report emergency purchases over \$25,000 to SPD with a full, written explanation of the emergency along with other required documentation. The Department must maintain the SPD notification in the contract file.

Department Response

The agency failed to provide a copy of the PO to SPD. Processes were changed on Jan. 24, 2020, to ensure compliance. Additionally the written explanation of the emergency along with the supporting documentation was submitted to SPD on Jan. 27, 2020.



Payment and Travel Card Transactions

Auditors developed a sample of 30 payment transactions totaling \$7,488.49 and 16 travel card transactions totaling \$2,113.72 to ensure the Department complied with the GAA, [Textravel \(FPP G.005\)](#), [34 Texas Administrative Code Section 5.51\(c\)\(1\)\(D\)](#) and pertinent statutes. Audit tests revealed no exceptions in these transactions.

Travel Transactions

Auditors developed a sample of 20 travel transactions totaling \$9,695.13 to ensure the Department complied with the GAA, [Textravel \(FPP G.005\)](#) and pertinent statutes. Audit tests revealed no exceptions in these transactions.

Security

The audit included a review to identify Department employees with security in the Uniform Statewide Accounting System (USAS) or on the voucher signature cards who were no longer employed or whose security had been revoked. Upon termination or revocation, certain deadlines must be met so that security can be revoked in a timely manner. Audit tests revealed no exceptions in these transactions.

Internal Control Structure

The review of the Department's internal control structure was limited to obtaining reports identifying current user access. The review did not include tests of existing mitigating controls. The audit tests conducted revealed the following exception in user access.

Control Weakness Over Expenditure Processing

The review of the Department's internal control structure was limited to obtaining reports identifying current user access. The review did not include tests of existing mitigating controls. The audit tests revealed the following exceptions in user access.

The planning process for the post-payment audit included review of certain limitations that the Department placed on its accounting staff's ability to process expenditures. The security in USAS, the Standardized Payroll/Personnel Reporting System (SPRS) and the Texas Identification Number System (TINS) was reviewed, as well as voucher signature cards that were in effect on July 11, 2019.

The Department had one employee who could adjust vendor profiles in TINS and approve paper vouchers. The Department has policies and procedures in place to monitor the security access of USAS users. This was an oversight by the Department.



Recommendation/Requirement

To reduce risk to state funds, agencies must have controls over expenditure processing that segregate each accounting task to the greatest extent possible. Ideally, no individual should be able to process transactions without another person's involvement.

Auditors recommend that the Department limit the access of users who can enter/change vouchers or release/approve batches in USAS to view-only access in TINS (PTINS02). An individual should not be able to create a vendor or change a vendor profile, create a payment and approve the payment. The employee's ability to adjust TINS was removed on Aug. 7, 2019.

Department Response

The agency has policies and procedures in place to monitor the security access of USAS users. The agency is also required by the Comptroller's office to conduct a full audit of USAS users' security on a semi-annual basis. The employee's ability to adjust TINS was removed on Aug. 7, 2019.

Fixed Assets

The audit included a review of a limited number of fixed assets acquired by expenditures during the audit period to test for accurate reporting and to verify the existence of assets. All assets tested were in their intended locations and properly recorded in the State Property Accounting (SPA) system. Audit tests revealed no exceptions in these transactions.



Appendices

Appendix 1 — Objectives, Scope, Methodology, Authority and Team

Audit Objectives

The objectives of this audit were to:

- Ensure payments are documented so a proper audit can be conducted.
- Ensure payment vouchers are processed according to the requirements of any of the following:
 - Uniform Statewide Accounting System (USAS),
 - Uniform Statewide Payroll/Personnel System (USPS),
 - Standardized Payroll/Personnel Reporting System (SPRS),
 - Human Resource Information System (HRIS) or
 - The Centralized Accounting and Payroll/Personnel System (CAPPs).
- Verify payments are made in accordance with certain applicable state laws.
- Verify assets are in their intended locations.
- Verify assets are properly recorded for agencies and institutions of higher education that use the State Property Accounting (SPA) system.
- Verify voucher signature cards and systems security during the audit period are consistent with applicable laws, rules and other requirements.

Audit Scope

Auditors reviewed a sample of the Texas Department of Criminal Justice (Department) payroll, non-overnight, purchase, contracts/procurement, and travel transactions that processed through USAS and SPRS from Dec. 1, 2017, through Nov. 30, 2018, to determine compliance with applicable state laws.

The Department received appendices with the full report, including a list of the identified errors. Copies of the appendices may be requested through a [Public Information Act](#) inquiry.

Texas law requires the Texas Comptroller of Public Accounts (Comptroller's office) to audit claims submitted for payment through the Comptroller's office. All payment transactions are subject to audit regardless of amount or materiality.

The audit provides a reasonable basis for the findings set forth in this report. The Department should implement the recommendations listed in the Detailed Findings of this report. It is the Department's responsibility to seek refunds for all overpayments unless it determines it is not cost effective to do so. If necessary, the Comptroller's office may take the actions set forth in Texas Government Code, Section 403.071(h), to ensure that the Department's documents comply in the future. The Department must ensure that the findings discussed in this report are resolved.



Audit Methodology

The Expenditure Audit section uses limited sampling to conduct a post-payment audit, and relies on professional judgment to select areas the auditor considers high risk.

Fieldwork

Each auditor in the Expenditure Audit section approaches each audit with an appropriate level of professional skepticism based on the results of the initial planning procedures.

If an auditor suspects during an audit that fraud, defalcation or intentional misstatement of the facts has occurred, the auditor will meet with his or her supervisor, the Statewide Fiscal Oversight manager, or both, to decide what action or additional procedures would be appropriate.

Audit Authority

State law prohibits the Comptroller's office from paying a claim against a state agency unless the Comptroller's office audits the corresponding voucher.

- Texas Government Code, Sections 403.071(a), 403.078, 2103.004(a)(3).

State law allows the Comptroller's office to audit a payment voucher before or after the Comptroller's office makes a payment in response to that voucher.

- Texas Government Code, Section 403.071(g)-(h).

In addition, state law authorizes the Comptroller's office to conduct pre-payment or post-payment audits on a sample basis.

- Texas Government Code, Sections 403.011(a)(13), 403.079, 2155.324.

Audit Team

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Appendix 2 — Definition of Ratings

Compliance Areas

Definition	Rating
Agency complied with applicable state requirements and no significant control issues existed.	Fully Compliant
Agency generally complied with applicable state requirements; however, control issues existed that impact the agency's compliance, or minor compliance issues existed.	Compliant, Findings Issued
Agency failed to comply with applicable state requirements.	Noncompliant
Restrictions on auditor's ability to obtain sufficient evidence to complete all aspects of the audit process. Causes of restriction include but are not limited to: <ul style="list-style-type: none">• Lack of appropriate and sufficient evidentiary matter.• Restrictions on information provided to auditor.• Destruction of records.	Scope Limitation

Internal Control Structure/Security Areas

Definition	Rating
Agency maintained effective controls over payments.	Fully Compliant
Agency generally maintained effective controls over payments; however, some controls were ineffective or not implemented. These issues are unlikely to interfere with preventing, detecting, or correcting errors or mitigating fraudulent transactions.	Control Weakness Issues Exist
Agency failed to effectively create or implement controls over payments.	Noncompliant

Repeat Finding Icon Definition



This issue was identified during the previous post-payment audit of the agency.